

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (5/16):
BUTTER: Grade AA closed at \$1.0875. The weekly average for Grade AA is \$1.0875 (-.0017).

CHEESE: Barrels closed at \$1.0950 and blocks at \$1.1325. The weekly average for barrels is \$1.1185 (-.0215) and blocks, \$1.1370 (-.0205).

NONFAT DRY MILK: Extra Grade closed at \$0.8400 and Grade A at \$0.8400. The weekly average for Extra Grade is \$0.8400 (N.C.) and Grade A, \$0.8400 (N.C.).

BUTTER: At the CME, cash butter traded higher and lower this week. Churning activity is heavy in most sections of the country. However, in scattered areas, demand for Class II cream did improve and eased the pressure on churns. Butter stocks remain excessive and growing at many sites. Demand for bulk is lackluster and packaged butter sales at retail are slow. Some occasional improvement in food service orders for resort area outlets has been noted as Memorial Day approaches.

CHEESE: The cheese market is unsettled to weak. Cash cheese prices declined from last week. Cheese offerings are ample for the continuing lackluster demand. Food service orders from summer vacation destinations are at least in transit to be on hand for the upcoming holiday weekend. Cheese production is seasonally heavy as schools close for the upcoming holiday and for summer break. During the week ending May 16, CCC purchased only Central process cheese under the price support program. CCC announced contracts were awarded to sell to CCC between 36.5 and 60.0 million pounds of mozzarella on May 13 for July 1, 2003, through June 30, 2004, delivery. On May 15, CCC contracted for between 20.5 and 65.0 million pounds of process cheese. Title to some CCC-owned NDM inventory is included as part of the cheese payment.

FLUID MILK: Milk production seems to have reached its peak and is edging lower in the southernmost tier of states. From Florida to Arizona, hotter temperatures are beginning to take their toll on the cows and milk production. In the central and northern tier of states, the milk flow ranges from steady to increasing toward its peak. Fluid milk supplies are often reported as excessive and handlers are having to move milk and/or its components greater distances to find outlets. Bottled milk sales are slow to fair, mostly slow. Many Southern schools will be recessing for summer during the next week or two and this will push more milk into manufacturing channels. Surplus milk is often being offered and sold for less than Class prices, delivered. Heavy rains and severe storms across the Central States did cause some power outages again this week and all the rain in this area is delaying cows being put out on pasture or being fed green chop. The fluid cream market is slightly improved this week. Spot demand is reported as better, but volumes are still long and clearances to butter plants are ongoing. Some ice cream plants often took additional loads this week and there were increased orders from bottlers.

DRY PRODUCTS: The nonfat dry milk market remains weak. Offerings to CCC continue from all regions and commercial spot demand is lackluster at best. This week, CCC is starting to accept bids and make cheese purchases for food programs. This year they are going to pay for a portion of the cheese with CCC-owned NDM. This has many trade contacts concerned. With all the Extra Grade NDM coming back onto the market, they fear that some of their business will be lost due to competition from this powder, which is expected to be valued/priced well below the current support price. The dry buttermilk

be market is lightly tested. Offerings are more than adequate for the slow demand. Some improved demand for condensed buttermilk has been reported. The dry whey market remains weak. Prices are steady to lower and spot demand is slow at best. Production levels are moderate to heavy and plant stocks are heavier than desired. Discounting prices is more common, but seldom attracting additional interest. Some talk of export interest has been noted, but it is speculated that prices would have to be sharply discounted. The WPC market is also weak and prices are lower. Offerings are growing and interest is mixed, mostly slow. The lactose market is the one bright spot in the dry dairy product market. Stocks range from closely balanced to limited. Demand is mostly contractual, but inquiries for third quarter needs from both domestic and foreign buyers are heavy.

CCC: For the week of May 12 - 16, CCC purchased 529,051 pounds of bulk butter from the West. Cheese purchases totaled 6,573,600 pounds of process. Purchases of NDM total 20,273,288 pounds. The following are regional NDM purchases: Central 1,000,771 pounds; East 3,648,392 pounds; and West 15,624,125 pounds.

MAY MILK SUPPLY AND DEMAND ESTIMATES (WAOB): Dairy production in 2003/04 is projected to increase about 1% as higher output per cow more than offsets a reduction in cow numbers. Although relatively weak, milk/feed price ratios are expected to improve over 2002/03 levels, which may support gains in production. Product demand on a fat basis is expected to be modestly stronger in 2003/04 which will help support prices in the face of higher production. Cheese prices have shown some signs of recovery; thus Class III prices for 2002/03 are raised from last month. Improved demand for cheese and butter is expected to carry into 2003/04, with Class III prices projected at \$9.70-\$10.70 and Class IV prices up slightly to \$9.50-\$10.70. All milk prices in 2003/04 are projected at \$11.05-\$12.05, slightly above 2002/03.

MARCH FLUID MILK SALES (DAIRY PROGRAMS & CASS): During March, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.3% lower than March 2002. After adjusting for calendar composition, sales in March 2003 were 0.1% lower than March 2002. On an individual product basis, after adjusting for calendar composition, sales of low fat (1%) milk and flavored fat-reduced milk increased from March 2002, while sales of whole milk, flavored whole milk, reduced fat (2%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier. It is likely that the timing of the Easter holiday this year has had a positive impact on the change in sales from March 2003 compared to March 2002. For the first three months of this year, total fluid milk products adjusted for calendar composition are 0.8% above the same period last year.

FEBRUARY MAILBOX MILK PRICES (DAIRY PROGRAMS): In February 2003, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$11.19 per cwt., \$0.42 less than the figure for the previous month. Most of this month-to-month decrease results from lower Federal milk order minimum producer milk prices. The component tests of producer milk in February 2003 were: butterfat, 3.74%; protein, 3.08%; and other solids, 5.70%. On an individual reporting area basis, mailbox prices decreased in all reporting areas, and ranged from \$13.98 in Florida to \$9.98 in Utah. In February 2002, the Federal milk order all-area average mailbox price was \$12.91, \$1.72 higher.

****SPECIAL THIS ISSUE****

MAY MILK SUPPLY AND DEMAND ESTIMATES (PAGE 7)
 FEBRUARY MAILBOX MILK PRICES (PAGE 8)
 MARCH FLUID MILK SALES (PAGE 9)

**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY MAY 12	TUESDAY MAY 13	WEDNESDAY MAY 14	THURSDAY MAY 15	FRIDAY MAY 16	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1550 (N.C.)	\$1.1200 (-.0350)	\$1.1200 (N.C.)	\$1.1025 (-.0175)	\$1.0950 (-.0075)	-.0600	\$1.1185 (-.0215)
40# BLOCKS	\$1.1550 (-.0025)	\$1.1425 (-.0125)	\$1.1225 (-.0200)	\$1.1325 (+.0100)	\$1.1325 (N.C.)	-.0250	\$1.1370 (-.0205)
BUTTER							
GRADE AA	\$1.0900 (+.0025)	-----	\$1.0850 (-.0050)	-----	\$1.0875 (+.0025)	N.C.	\$1.0875 (-.0017)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$8400 and Grade A price is \$8400. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, MAY 12, 2003

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.1550, 1 @ \$1.1575, 1 @ \$1.1650

BUTTER -- SALES: NONE; BIDS UNFILLED: 6 CARS GRADE AA: 1 @ \$1.0900, 1 @ \$1.0875, 1 @ \$1.0850, 1 @ \$1.0825, 2 @ \$1.0800; OFFERS UNCOVERED: NONE

TUESDAY, MAY 13, 2003

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.1200, 1 @ \$1.1550; 3 CARS 40# BLOCKS: 1 @ \$1.1425, 1 @ \$1.1500, 1 @ \$1.1550

WEDNESDAY, MAY 14, 2003

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.1225; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 23 CARS GRADE AA: 7 @ \$1.0900, 2 @ \$1.0875, 2 @ \$1.0850, 1 @ \$1.0875, 2 @ \$1.0850, 1 @ \$1.0875, 1 @ \$1.0850, 1 @ \$1.0875, 4 @ \$1.0850, 2 @ \$1.0825; BIDS UNFILLED: 8 CARS GRADE AA: 1 @ \$1.0850, 5 @ \$1.0825, 2 @ \$1.0800; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.0900, 1 @ \$1.1000

THURSDAY, MAY 15, 2003

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1325; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1025

FRIDAY, MAY 16, 2003

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0950

BUTTER -- SALES: 6 CARS GRADE AA: 2 @ \$1.0900, 1 @ \$1.0875, 1 @ \$1.0900, 2 @ \$1.0875; BIDS UNFILLED: 8 CARS GRADE AA: 2 @ \$1.0875, 2 @ \$1.0850, 2 @ \$1.0825, 2 @ \$1.0800; OFFERS UNCOVERED: NONE

BUTTER MARKETS**NORTHEAST**

The butter market tone is steady. However, a few contacts are not overly enthusiastic about the butter market. They feel that heavier churning and growing inventories will eventually take their toll on the market's supply/demand balance. Most of the East has experienced growing milk supplies and sluggish spot demand for fluid cream. This is forcing more cream into local and Midwestern butter plants. Weekly reports indicate the bulk butter stocks are growing at a relatively steady rate and print supplies are being stored for summer needs. At the CME, cash butter continues to trade in a narrow range. Demand for butter is slow. Retail sales are slow, unless featured. Food service orders are slower this week and typical for a post-Mother's Day week. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

In recent CME cash butter trading sessions (May's sessions), the price has not varied more than a fraction of a cent. However, some contacts do not see prices holding at current levels through the spring when surplus milk and cream volumes typically increase. Churning activity is mostly steady, but a little less cream is coming in from Eastern suppliers this week. Demand for bulk butter is lackluster and orders for packaged butter are just fair, generally slower following recent feature activity in parts of the region. Food service orders are back to more normal levels following a good week prior to Mother's Day. Bulk butter for spot sale is in a range of flat to 2 cents per pound over various pricing basis.

WEST

Butter prices at the CME continue to move fractionally, but without any real direction. Contacts feel that there won't be much chance of a large price increase with butter stocks as heavy as they are. Butter demand is about steady with no stimulus in the market at this time. Some limited feature activity is noted. Current offerings are sufficient to handle current levels of interest. Cream volumes available to churns remain heavy. Some increased production runs at ice cream operations are noted, but they are not considered heavy compared to historical patterns. CME weekly warehouse totals increased by another 6.3 million pounds this past week; however three new warehouses were added to the survey. Stocks have increased for 21 consecutive weeks and now stand at 183.8 million pounds. This is 22% above the peak level recorded last year in June. Current prices for bulk butter range from 4 1/2 cents under to 2 cents under the market based on the CME with various time frames and averages (includes CCC sales when applicable).

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

<u>WEEK ENDING</u>	CHEESE	BARRELS	NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE			
MAY 10	1.1167	1.1139	0.8048	1.0756	0.1463
	9,196,516	10,516,306	30,501,279	4,842,505	11,325,457

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices continue to move higher, but trading levels at the CME are quite steady for 40# blocks. Barrels, however, did jump late last week and process cheese prices are up accordingly. The market tone is steady, but there is some unsettledness now that colleges are closing and demand in those communities is expected to ease. However, with Memorial Day only two weeks away, orders from "Shore accounts" are expected to improve. Cheese output in the Northeast is steady at moderate to heavy levels. Surplus milk supplies are long and growing along seasonal patterns. Retail demand for cheese is fair at best and food service orders are slower as some restaurants work off pre-Mother's Day stocks.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2175-1.7125
Cheddar Single Daisies	:	1.1750-1.6400
Cheddar 40# Block	:	1.2975-1.5400
Process 5# Loaf	:	1.3500-1.5500
Process 5# Sliced	:	1.3700-1.6175
Muenster	:	1.3800-1.5850
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady though on a downward cycle within its recent trading range. Cheese demand remains somewhat disappointing for many cutters and processors, overall mostly fair. Orders for food service accounts for Memorial Day weekend need to be shipped soon. Some mozzarella plants are seeing orders slow seasonally as schools and colleges start to close for summer. Current cheese production is steady to slightly higher. Some plant operators are seeing more of the affect of fresh pastures/grass on milk receipts. Many plants are expecting to be on extended schedules in order to handle the extra milk diverted to manufacturing over Memorial Day weekend. Some cheese is still in the pipeline for clearance to CCC under the price support program produced before the price increases of a couple weeks ago. CCC announced contracts were awarded to sell to CCC between 36.5 and 60.0 million pounds of mozzarella on May 13 for July 1, 2003, through June 30, 2004, delivery.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3200-1.4600
Brick And/Or Muenster 5#	:	1.4800-1.8150
Cheddar 40# Block	:	1.4400-2.1150
Monterey Jack 10#	:	1.7000-2.1150
Blue 5#	:	1.9075-2.1900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4300-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.9500-2.6850

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
05/12/03	91,634	: 134,980
05/01/03	86,740	: 134,874
CHANGE	4,894	: 106
% CHANGE	6	: N. C.

WEST

Cash cheese prices at the CME had increased for the last three weeks, but they fell sharply this current week. Some buyers are taking this as a signal to take a break in purchase activity until a market direction is established. Western contacts feel that clearances of cheese to the government have been a factor in the tighter market situation noted over the past month or two. The West has cleared over 11.5 million pounds of cheese into the government price support program. Current, top quality barrels and blocks remain in a tight position for most Western manufacturers. Milk does remain heavy seasonally and is expected to remain that way for at least the next month. Western contacts are seeing storage stocks of cheese declining somewhat. Swiss sales are fair at best with stocks somewhat larger than desired at some operations. Mozzarella sales seem to be improving with some frozen stocks coming out of storage.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2900-1.5500
Cheddar 40# Block	:	1.2875-1.4275
Cheddar 10# Cuts	:	1.4675-1.6875
Monterey Jack 10#	:	1.4775-1.6375
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.3700

FOREIGN

Prices are steady to higher and the market tone is unchanged. Stocks of most types of cheese are adequate to meet the current, slow to fair demand. A slight increase in sales was noted prior to Mother's Day, but things are getting back to normal. The strong Euro is having or may have an impact on orders by U.S. importers.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.5500	: 1.5125-3.0025*
Gorgonzola	: 3.6900-5.9400	: 2.0300-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9225-3.0125*
Romano (Italy)	: 2.1000-3.1900	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.5200-1.7475*
Romano (Cows Milk)	: -0-	: 2.7100-4.8825*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7500-3.7900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-2.9900	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	153	0	192	0	80
SOUTHEAST STATES	0	0	0	0	0	0

EDITOR'S NOTE: Due to changes in milk supply agreements, milk import/export totals are not directly comparable to year ago figures and to shipments prior to April 1, 2003.

Regional Milk Market Administrators announced the following, April 2003 uniform prices: Northeast \$11.45, Mideast \$10.47, Southeast \$11.81, Florida \$12.96, and Western New York (a state order) \$11.12 at the base city or county in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) Cooler and/or rainy weather prevailed over much of the region. Milk output had been falling in the Deep South, but cooler temperatures may slow the declines seen in past weeks. In the Middle Atlantic area, milk output is mostly steady at near-peak levels. Farther north, the milk flow is still increasing slowly toward its peak. Traditionally, late May or early June marks the top of the milk production cycle in the Northeast. Fluid milk supplies are lighter, but still excessive in the Southeast, moderate to heavy in the Northeast. Many Southern schools will be recessing next week, while Northern schools are typically open until mid-June. Bottled milk demand is spotty. Some contacts report lackluster milk orders and others indicate that bottlers have added loads to their weekly milk orders. Some bottlers expect that resort area orders will start to improve as Memorial Day approaches. Manufacturing plant contacts report that they remain busy, but plant receipts are off slightly this week. Should it be needed, plant capacity is available. A few plant contacts noted that they were "uncomfortably full on weekends," but working through their supply problems. The condensed skim market is little changed. Spot demand has improved in scattered instances, but overall, orders remain slower than normal for this time of year. The fluid cream market is slightly improved. Spot prices are up this week as multiples did move slightly higher and last week's CME butter average increased a half cent. Some suppliers note that orders have picked up as ice cream makers increase output. Also, soft serve mix producers are stepping up output to meet anticipated demand after Memorial Day. Bottlers and canned whipping cream makers have taken more cream this week. Cream cheese output is about steady, but a few spot purchases were noted. Churning activity remains heavy, but few loads of excess cream are clearing to the Midwest.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3397-1.4813
DELIVERED EQUIVALENT ATLANTA	-	1.3506-1.4595 M 1.3615-1.3942
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3506-1.4377

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .8500- .9800
NORTHEAST- CLASS III - SPOT PRICES	- .7400- .8000

M I D W E S T

Severe storms in parts of the region continued to cause problems in the area. Heavy rain and strong wind as well as scattered tornados caused property damage in some areas. At least a couple plant operating schedules were also temporarily interrupted. Some producers seem to have delayed pasturing cattle due to the wet conditions to allay the usual increase in mud/loss of quality premiums and to not cut up pastures. Class I demand was uneven, slower into some plants, though heavier into others, particularly around midweek. Milk supplies were much tighter for many handlers around midweek after generally being long over the weekend and early in the workweek. Manufacturing milk interest is also spotty day to day. Depending on day of the week, reported manufacturing milk prices range from -\$0.50 to +\$1.50 over class, with most in the class delivered to +\$0.50 area. Most handlers are trying to make commitments for manufacturing space for the upcoming holiday weekend surplus volumes. Most handlers expect sharp price discounts on holiday weekend milk due to the expected large volume. Current milk intakes seem to

be generally steady with some reports of occasional higher and lower. Most plants continue to operate on heavy seasonal schedules. Cream demand is good from ice cream operations and for dips and summer holiday items. Condensed skim demand reflects manufacturing milk interest from many cheese plants. Planting delays continue and crop emergence is often slow, at least in the northern tier of states. Alfalfa growth remains slow due to cool temperatures. The wet conditions are also expected to generate a large crop of insect pests when temperatures finally warm.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 8 - 14	PREVIOUS YEAR
SLAUGHTER COWS	\$ 41.00- 45.50	\$ 40.00- 45.00
REPLACEMENT HEIFER CALVES	\$260.00-380.00	\$550.00-650.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 8 - 14	PREVIOUS YEAR
SLAUGHTER COWS	\$ 39.00- 53.00	\$ 38.00- 47.75

W E S T

The June 2003 Class 1 prices in CALIFORNIA range from \$11.79 in the north to \$12.06 in the south. The statewide average Class 1 price based on production is \$11.84. The average is \$0.07 higher than May 2003 but \$0.70 lower than June 2002. Milk production in CALIFORNIA continues to outpace year ago levels across most of the state in large part due to more cows than last year. Production per cow is often less because of some weather related setbacks this year and less fresh cows entering milking strings. Processing plants are running at or nearly full capacity to handle the incoming supplies. Milk handlers continue to be concerned about finding a home for the growing milk supplies. They have to juggle loads when plants have problems or maintenance issues. Milk and components are moving out of state for processing. Fluid milk demand is steady to lower as more schools and colleges take a break. Wet conditions still are hampering pasturing and forage harvesting in the northern milk producing regions. Milk production is increasing in the Central Valley at levels well above a year ago. In the south, milk is still growing as temperatures are milder than expected. Weather conditions are starting to approach the 100 degree mark in ARIZONA and milk production is expected to be affected. This may spell the seasonal peak in the state, but that is never known until after the fact. Milk is running slightly ahead of year ago levels. Plants are running as expected in the state and outside milk is coming in for processing. Milk may have peaked in the southern milk producing areas of NEW MEXICO due to hotter temperatures entering the state. The northern areas are often seeing higher milk output. Milk is still being moved out of state to find processing facilities. The CME Grade AA butter price continues its minimal fluctuations this week, but remains mostly flat. The butter price has had no impact on cream buyers looking to buy heavier supplies of cream. Some cream suppliers note a slightly increased draw from the ice cream trade. Heavy volumes of cream continue to clear to the butter churns. Western cream multiples are often untested and trade in the range from 109 to 125, FOB, depending on class usage. Weather conditions are improving in the PACIFIC NORTHWEST allowing some green chop harvesting to take place. The quality of the feed may be questionable since it was more mature than it should be. Some new crop hay that was being made this week along the Columbia River received some rain just before it was ready to be baled. Early season Pasture and Range reports are available and indicate quite a mix of conditions. In Arizona conditions in the very poor and poor categories stand at 52%, Colorado is at 47%, New Mexico 71%, but California has no acreage in the two worst categories. May 1, U.S. hay stocks were released this week and indicate that for the whole country stocks are at 22.2 million tons, down 1.4% from last year. In the West, however, stocks are unevenly higher, showing an increase of 16.7%. Comparisons to last year for selected Western states are as follows: Arizona +61%, California -14%, Colorado -33%, Idaho +52%, New Mexico +69%, Oregon +80%, Utah -17%, and Washington +68%. Contacts don't seem surprised at these numbers after the very mild, open winter just past. Conditions in UTAH and IDAHO are warming with some shower activity. Pastures are in good shape and the first cutting hay harvest is 7-10 days off. Hay trucks seem to be leaving the region heading south on a more regular basis. The milk flow in the region continues to increase towards the seasonal peak.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged on a steady market. Production is mostly unchanged with some decreases noted due to increased condensed skim demand by some cheese plants. Spot trading is light with most NDM movement occurring on a contractual basis. Interest is best on the high heat product. Inventories are generally in balance yet some custom dryers in the Central region reportedly have stocks to clear. Most traders are opting to purchase additional supplies from the West. Some concern remains regarding CCC programs and the impact of resale NDM on the current market. However, traders generally believe that resale NDM will merely displace commercial supplies and encourage heavier sales of NDM into the CCC, thereby rotating CCC stocks.

EAST: Eastern prices are steady and the market tone is little changed. Surplus milk volumes continue to increase in the more northern areas of the region. Surplus milk volumes are starting to move slightly lower in the Southeast. Demand for condensed skim is a little improved this week, but still slower than desired. Plant stocks are more than ample and sales to CCC continue from some operations. Commercial sales are steady at best. CCC is starting to accept bids and make cheese purchases for food programs. This year they are going to pay for a portion of the cheese with CCC-owned NDM. This has many trade contacts concerned. With all the Extra Grade NDM coming back onto the market, they fear that some of their business will be lost and some may have to start offering fresh powder to CCC.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .8000 - .8750 MOSTLY: .8000 - .8450

HIGHHEAT: .8600 - .9150

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices are unchanged and the market tone remains weak. Production schedules are seasonally active as milk production trends higher. Demand remains light. With supplies available from everywhere, buyers continue to be passive in securing anything beyond immediate needs. Stocks remain in excess of trade needs and heavy offerings to CCC under the support program continue. The CCC is also active in trying to reduce NDM inventory levels. In the last week, announcements for the NDM exchange for cheese program, NDM for livestock drought program, invitations for NDM conversion to casein program, and off spec NDM for sales as feed, have all been active. There are trade concerns over how/if this NDM will impact market prices of NDM and whey products. During the week of May 5 - 9, CCC net purchases totaled 20.6 million pounds of NDM from Western producers. High heat NDM prices are also unchanged. Buying interest is sometimes higher. There are ample supplies for current needs and processors have space and time available to make high heat.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .7900 - .8875 MOSTLY: .7950 - .8075

HIGHHEAT: .8200 - .8400

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 9	\$.8011	16,241,643	9,274,760
May 2	\$.8005	18,728,064	10,873,257

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a steady to weak market. Most offers and spot trades are occurring at the average for the very light interest. Movement is best on contracts. Production is steady to lower due to increased condensed buttermilk and cream usage in ice cream. However, the upcoming holiday and school recesses may deter this trend. Western buttermilk is being offered at competitive prices into the Central region. Dry buttermilk production is generally outpacing sales with stocks remaining heavy at some locations.

F.O.B. CENTRAL: .6800 - .7000

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone remain unchanged. Eastern prices are nominal. Spot trading activity remains limited. However, more reports of ice cream makers increasing output this week does bode well for condensed buttermilk sales and may ease the need for drying. As is normal for this time of year, many Northeastern dryers are busy processing skim. Plant stocks range from balanced to fully adequate.

F.O.B. NORTHEAST: .7000 - .7100

DELVD SOUTHEAST: .7000 - .7550

DRY BUTTERMILK - WEST

Western dry buttermilk prices are unchanged in light spot trading. The market tone remains weak. Buyers are not active in the spot market for dry buttermilk. There is increased business for condensed buttermilk with some new orders from ice cream producers. Drying schedules continue to be active as butter churning is seasonally strong. Stocks are available in the West.

F.O.B. WEST: .6600 - .7300 MOSTLY: .6900 - .7100

DRY WHOLE MILK - NATIONAL

Prices are steady to slightly higher this week. Although nominal, prices have been moving up and down with some regularity in recent weeks. The market tone is steady. Production levels are light, but some plants did make a little this week. Most producers are busy processing skim. Demand is mostly contractual, but spot interest is noted at the lower end of the range. Plant stocks are closely balanced. Continued reports of imported whole milk powder continue to be noted near the bottom of the range.

F.O.B. PRODUCING PLANT: 1.0325 - 1.1500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2002 THROUGH MAY 9, 2003
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	—	68,201 MT (150,355,592 LBS)
Program's NDM allocation is filled.		
CHEESE	—	3,029 MT (6,677,733 LBS)
BUTTERFAT	—	5,000 MT (11,023,000 LBS)

Allocations for the DEIP year beginning July 1, as announced September 13: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT. This program-year's allocations have been announced in stages. The third stage was announced on February 25, 2003, and makes available 25,575 MT of NDM, 1,136 MT of cheese, and 5,000 MT of butterfat. This announcement fills the NDM and cheese allocations for this DEIP-year.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are lower on a weak market. End-user interest is lackluster. Discounts are not attracting much additional interest. As a result, some producers are hesitant to further reduce prices and are therefore warehousing stocks for release during a market upswing. However, in order to be more competitive with the West, other producers are selling multiple loads at the lower end of the range. Traders are unclear as to when the market will rebound and await further developments on milk production and cow slaughter. Improved market conditions due to the CWT program or a possible drought are met with pessimism. Whey production and stocks are heavy.

F.O.B. CENTRAL: .1250 - .1500 MOSTLY: .1400 - .1450

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are generally lower and the market tone remains weak. Contacts state that the market just seems to be lumbering along and demand has no real drive to it. Buyers are taking contracted volumes and spot purchases are limited. Some unconfirmed reports from other regions have product being offered for export at prices well below the bottom of the current ranges. Production levels are often heavier as surplus milk volumes continue to grow in the Northeast. Plant stocks are growing at some locations and becoming a concern. At current, low prices, production costs are barely being recouped. At this point, producers are faced with storing it or discounting prices some more to keep product moving out the door. Many traders are commenting on how long this "down" market is lasting and wondering when it will snap out of it.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .1450 - .1700
DELVD SOUTHEAST: .1650 - .1800

DRY WHEY - WEST

Prices continue to show some weakness for Western whey powder. Production remains heavy and demand from both domestic and export buyers is lackluster. Stocks are larger than desired at many locations. Some operations continue to reduce prices, attempting to keep powder moving. Success with this strategy is spotty at best. Other firms are deciding to store powder for better times or to reduce dry whey production. Most contacts do not see any rebound in this market until spring milk supplies start to dry up. Even then, they are not sure if the market will be able to rebound.

NONHYGROSCOPIC: .1250 - .1600 MOSTLY: .1300 - .1400

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower on a weak market. Supplies are readily available for the light interest. Heavier production of Extra Grade whey is encouraging production of milk replacer. Some Western milk replacer supplies are being delivered into the Midwest at competitive prices. Export inquiries on feed quality whey are noted from Asia. Early weaned pigs are trading higher while veal movement is light.

F.O.B. CENTRAL:
MILK REPLACER: .1250 - .1300

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. Interest is mixed. Some brand specific producers are reporting increased interest into export markets, especially for infant formula mixes and nutritional products. However, at other locations, stocks are heavy and product is difficult to clear. Heavy stocks of 80% WPC are deterring 34% WPC movement into feed sectors. Due to heavier supplies of condensed whey, some plants are opting to produce more 34% than 80% WPC as 34% uses less time in the process. Producing 34% is also thought to be more profitable than 80% at some locations. Off grade stocks are plentiful and difficult to clear.

F.O.B. EXTRA GRADE 34% PROTEIN: .4200 - .4900 MOSTLY: .4500 - .4650

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a firm market. Most movement is occurring on a contractual basis. Inquiries are heavy from domestic and foreign buyers. Some buyer requests for third quarter contracts are noted. Most producers are not yet willing to negotiate for third quarter but a sentiment of steady prices into the third quarter is being expressed. Production is steady to lower due to an increased producer effort to generate 34% instead of 80% WPC. Inventories are in balance to somewhat short of buyer interest. Traders are selling inventoried stocks at a premium. Off grade supplies are limited and generally trading near the lower end of the range.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .1600 - .2350 MOSTLY: .1650 - .1900

CASEIN - NATIONAL

Price ranges for both casein types are unchanged. The market tone continues to show general firmness. Currently, supplies are adequate to meet nearby contracted orders. Buyers are cautiously looking at future supplies from countries that are experiencing lower milk production. Natural cheese prices in the US eroded back towards their support prices, rebuking the view of improved prices of only a few weeks ago, and thoughts of improved interest in rennet casein into imitation cheese. On May 14, the CCC announced an Invitation seeking bids for CCC-owned NDM for conversion to casein. Bids are due by June 2nd.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.9500 - 2.1500
ACID: 1.9500 - 2.0500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels remain heavy. Surplus milk volumes are growing in the more northern parts of the country. Producers are still building their inventories. The market remains highly competitive as producers try to gain or maintain market share. The Kansas City Commodity office announced the issuance of EVD-1, invitation 760 inviting competitive offers to sell to CCC 5,581,440 pounds of evaporated milk for delivery July - September 2003. Offers are due by 9:00 a.m. CDT, May 20, 2003.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

MAY MILK SUPPLY AND DEMAND ESTIMATES*

Note: This report presents USDA's first projections for U.S. milk supply, use, and prices for the 2003/04 marketing year. Dairy production in 2003/04 is projected to increase about 1 percent as higher output per cow more than offsets a reduction in cow numbers. Although relatively weak, milk/feed price ratios are expected to improve over 2002/03 levels, which may support gains in production. Product demand on a fat basis is expected to be modestly stronger in 2003/04 which will help support prices in the face of higher production. Cheese prices have shown some signs of recovery; thus Class III prices for 2002/03 are raised from last month. Improved demand for cheese and butter is expected to carry into 2003/04, with Class III prices projected at \$9.70-\$10.70 per cwt. and Class IV prices up slightly to \$9.50-\$10.70 per cwt. All milk prices in 2003/04 are projected at \$11.05-\$12.05 per cwt., slightly above 2002/03.

Item	2001/02 1/	2002/03 Projection 1/		2003/04 Projection 1/	
		April	May	April	May
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS 2/	8.8	11.2	11.2	NA	11.9
PRODUCTION	169.2	171.0	170.9	NA	172.6
FARM USE	1.2	1.2	1.1	NA	1.0
MARKETINGS	168.0	169.8	169.8	NA	171.6
IMPORTS 2/	5.2	5.0	5.1	NA	5.0
TOTAL COMMERCIAL SUPPLY 2/	182.0	186.1	186.1	NA	188.5
USE					
COMMERCIAL USE 2/ 3/	170.4	172.5	172.9	NA	177.3
ENDING COMMERCIAL STOCKS 2/	11.2	11.9	11.9	NA	9.9
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.3	1.7	1.4	NA	1.3
SKIM SOLIDS BASIS 4/	9.6	8.8	9.0	NA	6.0
		DOLLARS PER CWT.			
MILK PRICES 5/					
CLASS III 6/	11.03	9.55-9.85	9.70-9.90	NA	9.70-10.70
CLASS IV 6/	11.22	9.80-10.30	9.90-10.20	NA	9.50-10.70
ALL MILK 7/	12.74	11.10-11.40	11.20-11.40	NA	11.05-12.05
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS 4/					
BUTTER	0	50	35	NA	40
CHEESE	9	50	50	NA	35
NONFAT DRY MILK	817	715	730	NA	485
DRY WHOLE MILK	0	0	0	NA	0
	QUARTERLY 8/			ANNUAL 8/	
	2003 II	2003 III	2003 IV	2003	2004
MILK PRODUCTION	44.4	42.0	42.1	171.4	172.8
		DOLLARS PER CWT.			
ALL MILK PRICE 5/ 7/	10.65-10.95	10.80-11.40	11.65-12.55	11.10-11.60	11.15-12.15
CLASS III PRICE 5/ 6/	9.45-9.75	9.70-10.30	10.15-11.05	9.70-10.20	9.85-10.85
CLASS IV PRICE 5/ 6/	9.55-9.95	9.70-10.40	9.90-10.90	9.70-10.30	9.55-10.75

NA= Not Available.

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Federal milk order minimum prices. Beginning in April 2003, the price forecasts use the new class price formulas. 7/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 8/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-398, World Agricultural Outlook Board, USDA, May 12, 2003.

MARCH FLUID MILK SALES

During March, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.3 percent lower than March 2002. After adjusting for calendar composition, sales in March 2003 were 0.1 percent lower than March 2002. On an individual product basis, after adjusting for calendar composition, sales of low fat (1%) milk and flavored fat-reduced milk increased from March 2002, while sales of whole milk, flavored whole milk, reduced fat (2%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier. It is likely that the timing of the Easter holiday this year has had a positive impact on the change in sales from March 2003 compared to March 2002.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/dvfmoms/mib/in-areasales.htm>

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,
MARCH 2003, WITH COMPARISONS 1/

Product Name	Sales		Change from: <u>2/</u>	
	March	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,542	4,606	-1.4	0.2
Flavored Whole Milk	86	244	-0.5	-1.7
Reduced Fat Milk (2%)	1,481	4,422	-0.6	1.1
Low Fat Milk (1%)	549	1,608	1.2	1.6
Fat-Free Milk (Skim)	679	2,029	-3.4	-1.0
Flavored Fat-Reduced Milk	308	904	12.7	8.7
Buttermilk	48	140	-6.5	-5.1
Total Fluid Milk Products <u>3/</u>	4,702	13,978	-0.3	0.9
Total Fluid Milk Products Adjusted <u>3/ 4/</u>	4,764	14,001	-0.1	0.8

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 93 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 7 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 4/ Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/dvfmoms/mib/clndr_comp_rpt.pdf

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, MARCH 2003, WITH COMPARISONS 1/

Area (Order Number) <u>2/</u>	Sales		Change from: <u>3/</u>	
	March	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	820	2,438	-1.8	0.3
Appalachian (005)	285	867	-1.2	0.2
Southeast (007)	412	1,242	-0.9	0.8
Florida (006)	256	750	2.3	1.6
Mideast (033)	542	1,626	-2.2	0.2
Upper Midwest (030)	376	1,112	0.2	0.7
Central (032)	394	1,181	-0.1	1.3
Southwest (126)	350	1,058	0.0	0.7
Arizona-Las Vegas (131)	110	331	0.4	3.2
Western (135)	74	221	-1.5	-0.7
Pacific Northwest (124)	186	545	1.5	0.9
California (---)	567	1,629	2.7	2.6

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 4/ above.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, FEBRUARY 2003

In February 2003, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$11.19 per cwt., \$0.42 less than the figure for the previous month. Most of this month-to-month decrease results from lower Federal milk order minimum producer milk prices. The component tests of producer milk in February 2003 were: butterfat, 3.74%; protein, 3.08%; and other solids, 5.70%. On an individual reporting area basis, mailbox prices decreased in all reporting areas, and ranged from \$13.98 in Florida to \$9.98 in Utah. In February 2002, the Federal milk order all-area average mailbox price was \$12.91, \$1.72 higher.

Note: Effective with the report for January 2003, the Iowa reporting area was removed from the Corn Belt States reporting area and is reported separately. The Northern Missouri reporting area was added to the Corn Belt States reporting area. The applicable prices for 2002 reflect these changes.

Reporting Area	Mailbox Milk Price <u>2/</u>		
	February 2002	January 2003	February 2003
	Dollars per hundredweight		
Northeast Federal Milk Order	12.91	11.62	11.22
Appalachian States <u>3/</u>	13.37	12.45	12.12
Southeast States <u>4/</u>	13.57	13.07	12.54
Southern Missouri <u>5/</u>	12.46	11.83	11.44
Florida	15.34	14.72	13.98
Ohio	12.92	11.77*	11.34
Michigan	12.79	11.42*	11.06
Wisconsin	13.12	11.59*	11.28
Minnesota	12.75	11.52	11.21
Iowa	12.96	11.58	11.24
Illinois	13.07	11.89*	11.48
Corn Belt States <u>6/</u>	12.48*	11.46	11.11
Western Texas <u>7/</u>	13.10	11.90	11.17
New Mexico	12.18	10.93	10.16
Idaho	11.77	10.38	10.17
Utah	11.99	10.25	9.98
Northwest States <u>8/</u>	12.44	10.91	10.57
All Federal Order Areas <u>9/</u>	12.91	11.61	11.19
California <u>10/</u>	11.73	10.64	NA

*= Revised.

NA= Not available.

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 6/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 5/. 7/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 8/ Includes Oregon and Washington. 9/ Weighted average of the information for all selected reporting areas in Federal milk orders. 10/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MAY 12 - 16, 2003			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 05/09/03	SAME PERIOD LAST YEAR
BUTTER							
Bulk	529,051	-0-	529,051	9,625,869	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	697,680	-0-	-0-	-0-
TOTAL	529,051	-0-	529,051	10,323,549	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	6,232,244	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	5,545,706	-0-	-0-	-0-
Process	6,573,600	-0-	6,573,600	27,522,000	-0-	-0-	-0-
TOTAL	6,573,600	-0-	6,573,600	39,299,950	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	20,273,288	-0-	20,273,288	442,992,747	410,474,596	N. A.	978,681,000
Fortified	-0-	-0-	-0-	125,332	-0-	46,391,000	46,391,000
TOTAL	20,273,288	-0-	20,273,288	443,118,079	410,474,596	N. A.	1,025,072,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MAY 12 - 16, 2003 =	76.7	301.1	COMPARABLE PERIOD IN 2002 =	5.4	286.6
CUMULATIVE SINCE OCTOBER 1, 2002 =	685.3	5,548.2	CUMULATIVE SAME PERIOD LAST YEAR =	90.3	4,777.9
CUMULATIVE JANUARY 1 - MAY 16, 2003 =	611.2	4,282.6	COMPARABLE CALENDAR YEAR 2002 =	73.4	3,882.0

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MAY 12 - 16, 2003 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	6,573,600	1,000,771	-0-
WEST	529,051	-0-	-0-	-0-	-0-	-0-	15,624,125	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	3,648,392	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/02 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02
CENTRAL	-0-	-0-	27,733,572	-0-	16,064,273	19,167,724	37.9	4.7
WEST	10,323,549	-0-	11,566,378	-0-	401,361,347	365,409,075	61.3	89.0
EAST	-0-	-0-	-0-	-0-	25,692,459	25,897,797	0.8	6.3
TOTAL	10,323,549	-0-	39,299,950	-0-	443,118,079	410,474,596	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 04/26/03 & Comparable Week 2002

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2003-Dairy	0.2	0.7	7.4	4.5	21.5	2.1	0.4	1.0	13.4	2.6	53.8	970.0
2002-Dairy	0.2	0.7	6.3	4.5	17.7	1.9	0.4	1.0	10.8	2.5	46.1	846.1
2003-All cows	0.2	0.9	9.9	14.8	32.0	15.0	14.9	3.4	15.3	6.1	112.3	1,956.4
2002-All cows	0.2	0.9	8.3	13.0	26.9	13.2	15.9	3.6	13.8	5.9	101.7	1,790.3

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74

FEDERAL MILK ORDER CLASS PRICES FOR 2003 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	10.56	10.23	9.81	9.64	9.71							
II	11.29	10.66	10.54	10.44								
III	9.78	9.66	9.11	9.41								
IV	10.07	9.81	9.79	9.73								

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm03/mib/cls_prod_cmp_pr.htm